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July 25, 1997

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

*ADMITTED CA ONLY

BY HAND DELIVERY

Mr. William Caton
Acting Secretary
Federal Communications Commission
1919 M Street, NW
Washington, DC 20554

Re: **Ex Parte Presentation**
MM Docket No. 95-176
Closed Captioning

Dear Mr. Caton:

Submitted herewith pursuant to Section 1.1206(b)(1) of the Commission's Rules on behalf of Grupo Televisa, S.A., a Mexican corporation, are two copies of documents provided by the undersigned and Norman P. Leventhal of this firm on July 24, 1997 to Anita Wallgren of Commissioner Ness' office, Gretchen Rubin of Chairman Hundt's office, and Suzanne Toller of Commissioner Chong's office, in the course of oral presentations related to the above-referenced proceeding.

Respectfully submitted,

Barbara K. Gardner

Barbara K. Gardner

BKG:sak
Enclosures
cc (w/encl.):
Gretchen Rubin, Esquire
Suzanne Toller, Esquire
Anita Wallgren, Esquire
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POSITION OF GRUPO TELEVISA, S.A.
IN THE
CLOSED CAPTIONING PROCEEDING
(MM Docket No. 95-176)

JUL 25 1997

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Summary of position: All foreign-language programming produced outside the U.S. should be exempt from the closed captioning rules.

Televisa, a Mexican company, is the world's leading producer of Spanish-language TV programs:

- It licensed more than 100,000 program hours to 98 countries in 1996, and had more than 120,000 half-hours of available library product as of 12/31/96;
- It is the primary program supplier to Univision, which reaches more than 92% of U.S. Hispanic households and had a 79% share of U.S. Spanish-language network TV in 1996, and to Galavision, a Spanish-language cable program service.

Spanish-language programming produced outside the U.S. qualifies for an "economically burdensome" exemption from U.S. captioning rules because:

- Captioners, captioning services, captioning equipment, and captioning standards do not exist in Mexico; hence, captioning cannot be performed at all at present.
- Even if captioning is undertaken in Mexico, captioning costs initially would be several times higher than in the U.S., and would represent a far greater percentage of production costs than here (since production budgets are much lower in Mexico).
- There are no government grants for captioning in Mexico; in the U.S., federal grants have paid about 40% of captioning costs.
- There is little economic incentive to caption Mexican-produced Spanish-language programming: most Mexican TV sets cannot receive captions, and sets are not replaced often.
- In addition, no other foreign markets served by Televisa require captioning. Costs would be particularly high to caption programming for the U.S. market only, especially since Univision usually exercises its call on Televisa's programming after it has been exhibited uncaptioned in Mexico. Those costs would have to be passed on to the U.S. market alone.
- U.S. foreign-language programming outlets target a significantly smaller market over which to spread the costs of captioning than English-language stations. U.S. distributors of Spanish-language programs may be forced to curtail the purchase of new captioned programming because of its high costs, resulting in decreased diversity of Spanish-language programming in the U.S.
- There are probably fewer than 200,000 hearing-disabled persons in the U.S. who speak only Spanish; the benefits of captioning do not outweigh the economic burdens.

Helping teach foreign languages to English-speakers cannot be a basis for requiring the captioning of foreign-language programming; the statute's sole purpose is to benefit the hearing-disabled.

Information: Norman P. Leventhal, Esq., or Barbara K. Gardner, Esq., 202-429-8970
July 24, 1997

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MEMORANDUM

July 24, 1997

TO: Anita Wallgren
FROM: Norman P. Leventhal, Barbara K. Gardner
Norm *Bar*
RE: Closed Captioning: Grupo Televisa

Following are the answers to your questions, derived from securities filings of Grupo Televisa and Univision Communications:

1. In 1996, Televisa produced over 50,000 hours of television programming in its facilities for all of its operations.
2. Of total 1996 Televisa sales of 11.5 billion pesos, 9.9 billion pesos were derived from sales in Mexico, 2.2 billion pesos were derived from sales in over 98 other countries, and 615,347 thousand pesos were written off. Thus, all foreign sales accounted for only 19% of total Televisa revenues. In 1996, Univision paid Televisa \$30 million in program royalties; at an exchange rate of 7 pesos/\$1US, this represents only about 2% of total Televisa sales.
3. During the first six months of 1996, programming derived from Grupo Televisa and Venezuelan producer Venevision represented 64 percent of the Univision Network's non-repeated broadcast hours.

Please call if we can be of further assistance.

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